

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 03456 01 OF 02 120421Z
ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-02 PA-02 EA-12 /119 W
-----098526 120428Z /23

P 112130Z JUL 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 8013

UNCLAS SECTION 01 OF 02 OTTAWA 03456

PASS AGRIC FOR HUGHES, FAS

REF: MACDONALD/RIGGS TELECON

1. THE FOLLOWING ARTICLE APPEARED IN THE TORONTO GLOBE AND
MAIL; SATURDAY, JULY 1, 1978.

2. QUOTE: CANADIAN AND U.S. SENATORS AGREE TO FORM JOINT
TASK FORCE TO SEEK FAIR PRICE FOR WHEAT BY ROGER NEWMON,
WINNIPEG.

3. CANADIAN AND U.S. SENATORS HAVE AGREED TO ESTABLISH A
JOINT TASK FORCE TO DETERMINE A FAIR MARKET VALUE FOR WHEAT
PRODUCED BY THE TWO COUNTRIES, ACCORDING TO U.S. SENATOR
GEORGE MCGOVERN OF SOUTH DAKOTA.

4. SENATOR MCGOVERN SAID CANADIAN AND U.S. WHEAT SHOULD
BE SELLING FOR AT LEAST 4 DOLLARS A BUSHEL IN WORLD MARKETS
IF NORTH AMERICAN FARMERS ARE TO COVER THEIR PRODUCTION
COSTS. BUT AT THE MOMENT, THE TWO COUNTRIES ARE ENGAGED
IN DESTRUCTIVE COMPETITION, WITH THE RESULT THAT THEIR
WHEAT IS BEING SOLD AT "RUINOUS LEVELS" RANGING FROM
2.80 DOLS TO 3 DOLS A BUSHEL. FOR THIS REASON, A JOINT
TASK FORCE IS TO BE SET UP BOTH TO DETERMINE A FAIR PRICE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 03456 01 OF 02 120421Z

AND TO FOSTER CANADIAN-U.S. COOPERATION ON WHEAT PRICING.

5. SENATOR MCGOVERN MADE HIS REMARKS AT THE CONCLUSION OF
A JOINT MEETING IN WINNIPEG OF THE CANADIAN AND US SENATE
AGRICULTURAL COMMITTEES.

6. BESIDES SENATOR MCGOVERN, THE US DELEGATION INCLUDED

SENATOR JOHN MELCHER OF MONTANA AND SENATOR HENRY BELLMAN OF OKLAHOMA. THE CANADIAN CONTINGENT WAS LED BY SENATOR HAZEN ARGUE OF SASKATCHEWAN, CHAIRMAN OF THE SENATE AGRICULTURAL COMMITTEE, AND INCLUDED SENATORS GILDAS MOLGAT AND DUFF ROBLIN, BOTH OF MANITOBA, SENATOR HARRY HAYS OF ALBERT AND SENATOR HERBERT SPARROW OF SASKATCHEWAN.

7. SENATOR ARGUE SAID WHILE THE WINNIPEG MEETING WAS INSTIGATED BY THE US SENATORS, THE GATHERING HAD PRODUCED A UNANIMOUS AGREEMENT THAT CANADIAN AND US WHEAT PRICES SHOULD BE HIGHER. ON THE CANADIAN SIDE, "WE ARE INTERESTED IN CO-OPERATING WITH THE UNITED STATES TO GET A REASONABLE WHEAT PRICE. AND WE BELIEVE THAT 4 DOLS A BUSHEL IS REASONABLE , IN VIEW OF THE COSTS THAT FARMERS HAVE TO FACE TODAY."

8. SENATOR MCGOVERN SAID THE TASK FORCE - WHICH WILL INCLUDE REPRESENTATIVES OF THE LEGISLATIVE AND ADMINISTRATIVE BRANCHES OF BOTH GOVERNMENTS - WILL ISSUE A REPORT WITHIN 90 DAYS. IN ADDITION THE CANADIAN AND US SENATORS WILL HOLD A SECOND MEETING IN WASHINGTON TO CONSIDER THE REPORT OF THE TASK FORCE AND TO DEVELOP FURTHER PLANS FOR A COMMON POLICY, WE FEEL WE WILL BE ABLE TO PERSUADE THE OTHER TWO MAJOR WHEAT PRODUCERS - ARGENTINA AND AUSTRALIA - TO JOIN WITH US. WE ALSO BELIEVE CANADA AND THE US CAN BE PRETTY PERSUASIVE, SINCE THEY ARE THE DOMINANT WORLD WHEAT PRODUCERS, CONTROLLING TWO-THIRDS OF THE TRADE."

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OTTAWA 03456 01 OF 02 120421Z

9. SENATOR MCGOVERN SAID HE BELIEVES WHEAT PRODUCING COUNTRIES SHOULD ESTABLISH THEIR OWN PRICE AGREEMENT BECAUSE LITTLE PROGRESS IS BEING MADE WITH IMPORTING COUNTRIES IN REACHING A NEW WORLD WHEAT PACT. HE ALSO SAID IMPORTING COUNTRIES SUCH AS JAPAN AND THE EUROPEAN ECONOMIC COMMUNITY ARE "SKIMMING OFF" WHEAT PROFITS THAT SHOULD BE GOING TO NORTH AMERICAN FARMERS.

10. "THESE COUNTRIES BUY WHEAT FROM NORTH AMERICA AT THE PRESENT LOW MARKET PRICE AND THEN SELL IT TO THEIR OWN MILLS AND CONSUMERS FOR DOUBLE THE AMOUNT. THIS IS NOT ONLY UNFAIR, IT IS AN IMPOSSIBLE WAY TO RUN A WHEAT EXPORT OPERATION."

11. SENATOR DUFF ROBLIN SAID IT SHOULD BE EMPHASIZED THAT PRICING GOALS OF CANADA AND THE UNITED STATES ARE MODEST. "WE ONLY WANT A FLOOR PRICE THAT REPRESENTS THE COST OF PRODUCTION. AND THIS WOULD BE IN THE GENERAL INTEREST OF EVERYBODY SINCE A STABLE PRICE WOULD RESULT IN A STEADY SUPPLY OF WHEAT BEING AVAILABLE RATHER THAN ROLLER-COASTER SWINGS."

12. SENATOR MCGOVERN ADMITTED THE US DELEGATION REQUESTED THE MEETING BECAUSE IT WAS AFRAID CANADA MIGHT UNDERCUT THE MARKET IF THE UNITED STATES WERE TO RAISE ITS WHEAT PRICE UNILATERALLY. BUT AT A SEPARATE PRESS CONFERENCE IN WINNIPEG, OTTO LANG, MINISTER RESPONSIBLE FOR THE CANADIAN WHEAT BOARD , SAID CANADA WILL NOT UNDERMINE US PROGRAMS TO GET FAIR PRICES, ALTHOUGH IT WILL INSIST ON HOLDING ON TO ITS TRADITIONAL 20 TO 25 PERCENT SHARE OF THE INTERNATIONAL WHEAT MARKET. UNQUOTE.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 OTTAWA 03456 02 OF 02 120419Z
ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 H-02 PA-02 EA-12 /119 W
-----098517 120429Z /23

P 112130Z JUL 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 8014

UNCLAS SECTION 02 OF 02 OTTAWA 03456

13. ADDITIONAL PRESS CLIPPINGS SENT NOVOTNY /FAS/GRAIN AND
FEED DIVISION , FRIDAY JULY 7, 1978. ENDERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, PRESS COMMENTS, WHEAT, AGREEMENTS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978OTTAWA03456
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D780284-0962
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780774/aaaackke.tel
Line Count: 153
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5bf2ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2051659
Secure: OPEN
Status: <DBA CHANGED> VJT 20041026
Subject: ARTICLE IN THE TORONTO GLOBE AND MAIL
TAGS: SOPN, EAGR, US, CA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/5bf2ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014